

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for
Authority to Implement Default CPP Rate Options For
Large Customers.

Application 05-01-016
(Filed January 20, 2005)

Application of San Diego Gas & Electric Company (U902-
E) for Adoption of a 2005 Default Critical Peak Pricing
Structure for Commercial and Industrial Customers with
Peak Demands Exceeding 300 kW.

Application 05-01-017
(Filed January 20, 2005)

Southern California Edison Company's
(U338-E) Application for Approval of Rate Design
Proposals for Large Customers.

Application 05-01-018
(Filed January 20, 2005)

**SETTLEMENT AGREEMENT
REGARDING SAN DIEGO GAS & ELECTRIC COMPANY'S
CRITICAL PEAK PRICING TARIFF**

Pursuant to the California Public Utilities Commission's Rules of Practice and Procedure, Article 13.5, Rule 51 et seq., San Diego Gas & Electric Company (SDG&E), the Building Owners and Managers Association of California (BOMA), California Manufacturers & Technology Association (CMTA), the Energy Producers and Users Coalition (EPUC), the Indicated Commercial Parties (ICP), the Industrial Environmental Association (IEA), J.C. Penney and Wal-Mart (JCP/WM), the City of San Diego (City), and the Silicon Valley Leadership Group (SVLG) (individually, also referred to as a "Party," and collectively "Parties") enter into this settlement agreement regarding SDG&E's Default Critical Peak Pricing (CPP) Tariff and related issues (Settlement Agreement), as herein described.

I. INTRODUCTION AND BACKGROUND

In response to the December 8, 2004 Ruling by Assigned Commissioner Peevey and Administrative Law Judge (ALJ) Cooke in Rulemaking (R.) 02-06-001, on January 20, 2005, SDG&E filed an application for approval of a 2005 Default Critical Peak Pricing Structure for Commercial and Industrial Customers with Peak Demands Exceeding 300 kW (2005 Default CPP Tariff). Testimony by other parties followed on February 16, with rebuttal testimony on February 22. Evidentiary hearings took place on February 24 through March 1, 2005.

The Assigned Commissioner issued his Scoping Memo on March 11, 2005. Opening briefs were submitted on March 14, with reply briefs on March 21. The ALJ proposed decision was issued on March 28, 2005. On April 21, 2005, in D.05-04-053, the Commission unanimously determined that the 2005 Default CPP Tariff should not be implemented, but ordered SDG&E to file a new critical peak pricing proposal for 2006, including testimony, in this docket, on August 1, 2005, consistent with the principles stated in the order.

On August 1, 2005 SDG&E filed testimony responsive to D.05-04-053. Testimony by other parties followed on October 5, with rebuttal testimony on October 19. On August 24 the ALJ held a prehearing conference, and on September 12 a Rule 51.1(b) notice of settlement conference was served on all parties to this proceeding. A series of settlement conferences followed, culminating in this Settlement Agreement.

II. SETTLEMENT AGREEMENT PROVISIONS

1. All aspects of SDG&E's Default CPP Tariff, as described in SDG&E's August 1, 2005 testimony, shall be presumed retained except as modified in this Settlement Agreement.
2. The participation credit shall be eliminated.

3. SDG&E shall make good faith efforts to contact all Customers¹ prior to April 1, 2006. In contacting those Customers, SDG&E shall, to the extent feasible, provide interested customers with bill impacts and other analysis and assistance relevant to the Default CPP Tariff. SDG&E will also provide Customers with information regarding current and upcoming programs that may enhance a Customer's ability to better manage energy use either under the Default CPP Tariff, or other programs for which SDG&E recently filed for approval at the Commission.² These programs include, but are not limited to, Technical Assistance and Technology Incentives under Demand Response, Standard Performance Contracts (SPC) and Express Efficiency under Energy Efficiency and more specifically, Integrated Demand-Side Management.³

4. On or before April 28, 2006, Customers who have not opted out of the Default CPP Tariff must elect to stay on the Default CPP Tariff, provided, however, that SDG&E made confirmable contact⁴ with those Customers and tendered the form found at Attachment A to those Customers on or before April 1, 2006. If SDG&E is unable to make confirmable contact with a Customer regarding the Default CPP Tariff and provide the Customer with the form found at Attachment A prior to April 1, 2006, that Customer shall remain on its then effective tariff. In the event a dispute arises as to whether or not a Customer was notified regarding the Default CPP Tariff and/or received a copy of the form found at Attachment A, the burden shall be on SDG&E to prove otherwise. However, notwithstanding SDG&E's burden, if SDG&E can produce an original or a copy of the "Schedule EECC-CPP-D Notification Confirmation" found

¹ "Customers" refers to those SDG&E customers covered by the Default CPP Tariff, i.e. bundled Commercial and Industrial customers on a TOU rate with loads greater than or equal to 200kW.

² See SDG&E Application 05-06-017, Chapter 2, Direct Testimony of Susie Sides.

³ Integrated Demand-Side Management is a customer-focused integrated approach to assist Customers with managing overall energy use. The end result of this approach is to achieve the most cost-effective level of load reduction that maximizes the capital invested in these programs.

⁴ That is, two way contact either in person, by phone, or via exchanged emails, faxes or other written communication.

at Attachment A, signed by an authorized representative of a Customer, the burden shall shift to the Customer to establish that such acknowledgement of notice is invalid.

5. If SDG&E is unable to sustain its burden described in Section 4 of this Settlement Agreement, the disputing Customer shall be deemed opted out of the Default CPP Tariff, returned to service under the Customer's prior tariff, and the Customer's account adjusted (positively or negatively) to reflect the retroactive tariff change.

6. Customers currently enrolled in Schedule EECC-CPP (Voluntary CPP), or electing to enroll in Schedule EECC-CPP prior to a Commission decision in this proceeding, will remain under that program until their contracts expire. Upon expiration, these Customers will default to the Default CPP Tariff or may opt out as described in this Settlement Agreement. After the Commission renders a decision approving this Settlement Agreement, Schedule EECC-CPP will be closed to new Customers eligible for the Default CPP Tariff.⁵

7. All Customers may opt out at no cost, but Customers choosing to stay on the Default CPP Tariff must complete a 12 month term. A customer that has taken service on this schedule and then requests to change to another schedule may only do so on intervals of exactly 12 months.

8. The Capacity Reservation Charge (CRC) shall be maintained, but as an option (i.e. with no minimum reservation), not as a default.

9. Exemplary Default CPP Tariff commodity/energy rates, which are designed based on rates included in the Settlement Agreement filed July 26, 2005, in SDG&E's Rate Design Window Application (A.05-02-019), are presented in the table, below. Any revenue over- or under-collections shall flow through the SDG&E Energy Resource Recovery Account, administrative costs shall be recovered through the Advanced Metering Demand Response

⁵ Schedule EECC-CPP-E will, however, remain available to eligible Customers. And, all other Voluntary CPP programs applicable to customers with loads below 200kW will remain available.

Memorandum Account, and the resource adequacy requirements value of the program shall be allocated in accord with the final decision regarding resource adequacy in Commission proceeding R.04-04-003.

	<u>Default CPP</u>	<u>Opt-out TOU *</u>
Capacity Reservation Charge	7.080 \$ per kW per month	
<u>Energy Rates</u>		
Summer		
CPP	0.943 \$ per kWh	
On-Peak	0.062 \$ per kWh	0.115 \$ per kWh
Semi-Peak	0.055 \$ per kWh	0.068 \$ per kWh
Off-Peak	0.046 \$ per kWh	0.047 \$ per kWh
Winter		
On-Peak	0.062 \$ per kWh	0.115 \$ per kWh
Semi-Peak	0.055 \$ per kWh	0.068 \$ per kWh
Off-Peak	0.046 \$ per kWh	0.047 \$ per kWh

*Reflects rates included in the Settlement Agreement filed 7/26/05 in SDG&E's Rate Design Window Application (A.05-02-019).

10. Customers not opting out of the Default CPP Tariff will not pay more for energy commodity service than they would have had the Customers remained on their then applicable tariff. This "Bill Protection" is available for the first twelve (12) months that a Customer receives service under the Default CPP Tariff rate, provided that the Customer takes continuous service, on an active account, for the entire duration of the Bill Protection period. Bill Protection benefits will be computed on a cumulative basis at the end of the Bill Protection period and, if warranted, shall be reflected as a credit on the Customer's bill following the end of the Bill Protection period. Any revenues over- or under-collected will be treated consistent with Section 9 of this Settlement Agreement. Customers previously enrolled in a Voluntary CPP program in which Bill Protection was provided are ineligible for Bill Protection under the Default CPP Tariff rate.

11. The maximum number of CPP events shall not exceed 15, and the minimum number shall not fall below 4.
12. This Settlement Agreement is premised on Commission approval of all provisions stated herein. If the Commission does not approve this Settlement Agreement in its entirety, the Parties agree to continue good faith efforts to negotiate mutually acceptable outcomes of all issues covered by this Settlement Agreement. If the Parties fail to agree, through good faith efforts, on mutually acceptable outcomes for all issues covered by this Settlement Agreement, then this Settlement Agreement shall not be binding upon the Parties.
13. The Parties agree to perform diligently, and in good faith, all actions required or implied hereunder, including, but not necessarily limited to, the execution of any other documents required to effectuate the terms of this Settlement Agreement, and the preparation of exhibits for, and presentation of witnesses at, any required hearings to obtain the approval and adoption of this Settlement Agreement by the Commission. No Party will contest in this proceeding, or in any other forum, or in any manner before this Commission, the recommendations contained in this Settlement Agreement. The Parties understand that time is of the essence in obtaining the Commission's approval of this Settlement Agreement and that all will extend best efforts to ensure its adoption.
14. This Settlement Agreement is not intended by the Parties to be precedent regarding any principle or issue in any other proceeding, whether pending or instituted in the future. The Parties have assented to the terms of this Settlement Agreement only for the purpose of arriving at the settlement embodied in this Settlement Agreement. Each of the Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methods that may be different than those underlying this Settlement Agreement.

The Parties expressly declare that, as provided in Rule 51.8 of the Commission's Rules of Practice and Procedure, this Settlement Agreement should not be considered as a precedent for or against any principle or issue. No individual term of this Settlement Agreement is assented to by any Party, except in consideration of the other Parties' assents to all other terms. Thus, the Settlement Agreement is indivisible and each part is interdependent on each and all other parts. Any party may withdraw from this Settlement Agreement if the Commission modifies, deletes from, or adds to the disposition of the matters settled herein. The Parties agree, however, to negotiate in good faith with regard to any Commission-ordered changes in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if such negotiations are unsuccessful.

15. The Parties acknowledge that the positions expressed in the Settlement Agreement were reached after consideration of all positions presented in the prepared direct and rebuttal testimony served on and by the various Parties. This document sets forth the entire agreement of the Parties on the issues covered herein. The terms and conditions of this Settlement Agreement may only be modified in writing subscribed by all Parties.

DATED this 14 day of November, 2005.

SAN DIEGO GAS & ELECTRIC COMPANY

By: Kelly M. Morton
Kelly M. Morton

BUILDING OWNERS AND MANAGERS ASSOCIATION OF CALIFORNIA

By: Bill F. Roberts
Bill F. Roberts

CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION

By: Keith McCrea
Keith McCrea

ENERGY PRODUCERS AND USERS COALITION

By: _____
Nora E. Sheriff

INDICATED COMMERCIAL PARTIES

By: _____
Randall W. Keen

INDUSTRIAL ENVIRONMENTAL ASSOCIATION

By: _____
Patti Krebs

J.C. PENNEY AND WAL-MART

By: _____
Gregory Klatt

CITY OF SAN DIEGO

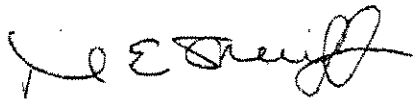
By: _____
Frederick M. Ortlieb

SILICON VALLEY LEADERSHIP GROUP

By: _____
Chris King

By: _____
Keith McCrea

ENERGY PRODUCERS AND USERS COALITION



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Nora E. Sheriff

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INDICATED COMMERCIAL PARTIES
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Randall W. Keen
Attorneys for Indicated Commercial Parties

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Chris King

ATTACHMENT A

San Diego Gas & Electric Company
Notice of Transfer to Rate Schedule EECC-CPP-D

You are hereby informed by SDG&E that effective with your May 2006 bill, your account(s) will be transferred from service on Rate Schedule _____ to Rate Schedule EECC-CPP-D.

Bill Impact: The estimated bill impact of this change for a 12 month period is \$ _____ (a negative amount is a bill reduction; a positive amount is a bill increase). The information presented here is based on your historical usage. SDG&E does not guarantee the future results on your account based on this data.

Bill Protection: If the total of your bills at the end of the first 12 months on Rate Schedule EECC-CPP-D exceeds what your bills would have been on Rate Schedule _____, you will receive a bill credit for the difference.

Rate Schedule EECC-CPP-D Notification Confirmation

By signing below, you are confirming that you were notified of your transfer to Schedule EECC-CPP-D, to be effective on your next meter read date and are authorized to represent the below-named customer.

Customer Name: _____

Account Number(s): _____

Address: _____

Contact Person: _____

Contact Phone: _____

Capacity Reservation Charge: I elect _____ kW as my monthly Capacity Reservation Charge

Signature/Title

Date

Rate Schedule EECC-CPP-D Opt Out

You can opt out of Rate Schedule EECC-CPP-D. To opt out, please provide the account information above, sign on the line above as an authorized representative of the customer, and check the box below:

☐ I opt out of Rate Schedule EECC-CPP-D and remain on my current schedule.

Return this form to SDG&E by April 28, 2006 using one of these methods:

- 1) Mailing it to SDG&E Attention: _____, 8330 Century Park Court, Mail Code CP____, San Diego, CA, 92123, with a postmark no later than April 20, 2005;
- 2) Emailing _____@semprautilities.com with an email containing the information in this form and the phrase "DEFAULT EECC-CPP-D" in the subject line; or
- 3) Faxing it to SDG&E at _____ - _____ - _____ Attention: _____.

SDG&E Use
Date received _____

Date Effective _____

Processed by _____